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May 24, 2022

Client: 50663-00020

VIA CM/ECF

The Honorable J. Paul Oetken
United States District Court for the Southern District of New York
500 Pearl Street
New York, NY 10007

Re: *ATX Debt Fund I, LLC v. Natin Paul*, Case No. 19-cv-8540-JPO (S.D.N.Y.)

Dear Judge Oetken:

I am counsel to Plaintiff ATX 1 in the above-captioned action. Plaintiff's Motion for Summary Judgment is pending before Your Honor. Plaintiff's motion is based, in part, on the collateral estoppel impact of the action in New York Supreme Court, *ATX Debt Fund 2, LLC v. Natin Paul*, Index No. 650728/2020 (NY Sup. Ct., NY Cty) (the "NYS Case").

I write to inform the Court that final judgment was entered in the NYS Case on May 23, 2022. A copy of the judgment is enclosed herewith.

Respectfully,



Mitchell A. Karlan

Enclosure

Cc: Counsel of Record (via ECF)

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----	x
ATX DEBT FUND 2, LLC,	:
Plaintiff,	:
- against -	:
NATIN PAUL a/k/a NATE PAUL,	:
Defendant.	:
-----	x

Index No. 650728/2020

IAS Part 53

Hon. Andrew Borrok

~~PROPOSED~~ JUDGMENT

WHEREAS, Ladder Capital Finance (the “Original Lender”), entered into mortgage loans with eight separate LLC entities (the “Borrowers”), of whom Defendant Natin Paul (“Paul”) is the beneficial owner, for various parcels of real property in Austin, Texas, in the total principal amount of \$47,614,000 (the “Loan”);

WHEREAS, in connection with the Loan, the Borrowers and Original Lender entered into a Loan Agreement, dated July 9, 2018, and Borrowers gave Promissory Notes in favor of the Original Lender, dated July 9, 2018;

WHEREAS, for security for the Loan, Paul signed a Guaranty of Recourse Obligations and separate Guaranties of Payment for each parcel of real estate;

WHEREAS, seven of the Borrowers executed leases (the “Master Leases”) with WC Austin IV Tenant, LLC, a company that is also beneficially owned by Paul (the “Tenant”);

WHEREAS, the same seven Borrowers executed Assignments of Leases and Rents including: (1) the lease for the property at 305 West 9th Street, Austin, Texas; (2) the lease for the property located at 320 Congress Street, Austin, Texas; (3) the lease for the properties located at 901 East Cesar Chavez Street, 806 Willow Street, and 900 Willow Street, Austin, Texas; (4) the lease for the property located at 1212 East Sixth Street, Austin, Texas; (5) the lease for the property located at 9005 Mountain Ridge Drive, Austin, Texas; (6) the lease for the

property located at 103 East Fifth Street, Austin, Texas; and (7) the lease for the property located at 422 Congress Street, Austin, Texas (together, the “ALRs”);

WHEREAS, the ALRs assigned to the Original Lender all of the Master Leases and all of the rents due thereunder and also granted the Original Lender all of the Borrowers’ rights under the Master Leases including the right “to accelerate all Fixed Rent due and owing for the term of the Lease,” which was May 31, 2025;

WHEREAS, Paul signed Guaranties for each of the Master Leases;

WHEREAS, in January 2020, the Borrowers defaulted on their payment obligations under the Loan and the Original Lender informed the Borrowers and Paul in writing of the monetary and non-monetary defaults under the terms of the loan documents on January 7, 2020;

WHEREAS, in January 2020, the Tenant defaulted on the Master Leases by failing to make the monthly rent payments, and the Original Lender informed the Borrowers and Paul in writing of the Tenant’s default and of the acceleration of all rents owed for the full term of the Master Leases;

WHEREAS, the Original Lender filed a summons and complaint in this matter on January 31, 2020 (NYSCEF 1), and an Amended Complaint on February 5, 2020 (NYSCEF 24) seeking to enforce its rights under the Loan Guaranty for the remaining outstanding principal balance of \$39,510,251.00 and the past due and accelerated rents under the Lease Guaranties amounting to \$23,433,734.88;

WHEREAS, the Court granted ATX Debt Fund 2, LLC’s (“ATX 2”) motion to substitute as plaintiff on March 10, 2021 after ATX 2 purchased the Loan, ALRs, and the Loan Guaranty and Lease Guaranties from the Original Lender;

WHEREAS, a foreclosure sale for the Properties securing the defaulted Loan was held on June 1, 2021, with the following results:

- 805 E. Sixth St. and 809 E. Sixth St. were sold to ATX 2 for a credit bid of \$1,000,000;
- 9005 Mountain Ridge Drive was sold to ATX 2 for a credit bid of \$1,500,000;
- 901 East Cesar Chavez was sold to ATX 2 for a credit bid of \$1,500,000;
- 103 E. Fifth St. was sold to ATX 2 for a credit bid of \$5,000,000;
- 320 Congress Avenue was sold to ATX 2 for a credit bid of \$13,200,000;
- 422 Congress Avenue was sold to ATX 2 for a credit bid of \$10,000,000;
- 1212 East Sixth St. was sold to a third party, Congress Avenue Holdings, LLC for \$5,900,000; and
- 305-309 West 9th was sold to a third party, Congress Avenue Holdings, LLC for \$5,700,000.

WHEREAS, the total receipts from these foreclosure sales, including both third-party payments from Congress Avenue Holdings LLC and ATX 2's credit bids, amounted to \$43,800,000;

WHEREAS, Paul as Guarantor continues to owe \$4,744,482.80 pursuant to the Loan Guaranty, after accounting for interest;

WHEREAS, Defendant Natin Paul filed an answer with affirmative defenses on April 9, 2021 (NYSCEF 99);

WHEREAS, ATX 2 moved to dismiss Paul's affirmative defenses on May 14, 2021 (Mot. Seq. No. 003) (NYSCEF 100);

WHEREAS, Paul cross-moved to amend his answer on June 12, 2021 (NYSCEF 105);

WHEREAS, ATX 2 moved for summary judgment on August 6, 2021 (Mot. Seq. No. 005) (NYSCEF 165) on all issues;

WHEREAS, ATX 2 filed a note of issue on October 22, 2021 (NYSCEF 269);

WHEREAS, Paul moved to strike the note of issue on November 12, 2021 (Mot. Seq. No. 008) (NYSCEF 273); and

WHEREAS, the Supreme Court, New York County, Part 53 (Borrok, A.) rendered a Decision and Order, dated March 2, 2022 and entered March 7, 2022 (NYSCEF 301):

- 1) GRANTING ATX 2's motion to dismiss Paul's affirmative defenses;
- 2) DENYING Paul's cross motion to amend his answer;
- 3) GRANTING ATX 2's motion for summary judgment; and
- 4) DENYING Paul's motion to strike the note of issue;

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. Paul is obligated to pay ATX 2 \$4,744,482.80 pursuant to his obligations under the Loan Guaranty, calculated as: the total outstanding balance of the loan of \$39,510,251.00, plus \$8,593,846.15 in interest and late fees pursuant to interest rate set forth in the Loan Guaranty from February 4, 2020, to June 1, 2021, less ATX 2's credit bid of \$32,200,000, and less \$11,600,000 in proceeds paid to ATX 2 for the foreclosure sales of the two properties purchased by third parties; plus \$440,385.66 in interest and late fees from June 2, 2021, and for each and every day thereafter at the interest rate set forth in the Loan Guaranty.

2. Paul is obligated to pay ATX 2 the sum of \$18,983,667.18, plus \$3,716,052.85 in interest from January 29, 2020, and for each and every day thereafter at the statutory rate permitted by law, pursuant to Paul's duties under the following Lease Guaranties:

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- a. Past rent of \$68,750.00 and accelerated rents of \$4,400,000.00 for the lease for the property at 320 Congress Street, Austin, Texas;
- b. Past rent of \$38,377.17 and accelerated rents of \$2,456,138.88 for the lease for the property at 901 East Cesar Chavez Street, 806 Willow Street, and 900 Willow Street, Austin, Texas;
- c. Past rent of \$39,286.08 and accelerated rents of \$2,514,309.00 for the lease for the property at 9005 Mountain Ridge Drive, Austin, Texas;
- d. Past rent of \$56,139.00 and accelerated rents of \$3,592,896.00 for the lease for the property at 103 East Fifth Street, Austin, Texas; and
- e. Past rent of \$89,504.17 and accelerated rents of \$5,728,266.88 for the lease for the property at 422 Congress Street, Austin, Texas.

3. Paul is obligated to pay \$2,494,512.82 in attorney's fees, plus \$180,651.73 in interest, to ATX 2 pursuant to Section 1.8 of the Loan Guaranty and Section 1.8 of the Lease Guaranties.

4. ATX 2, located at 11755 Wilshire Blvd., Ste. 1400, Los Angeles, CA 90025 shall therefore have judgment against Paul, located at 814 Lavaca Street, Austin, Texas 78701, the sum of \$30,119,367.39 pursuant to the Loan Guaranty and the Lease Guaranties owed less the total receipts of the foreclosed properties.

Dated: March 21, 2022

Judgment signed this 16th day of May, 2022

Hon. Andrew Borrok, J.S.C.

Judgment entered this 23rd day of May, 2022

JUDGMENT

Clerk

Milton Adair-Tungling

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